

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  SPRINT COMMUNICATIONS COMPANY L.P.	DOCKET NOS. TCU-96-11 TF-03-3
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**ORDER REJECTING TARIFF AND DENYING CERTIFICATE  
WITHOUT PREJUDICE**

(Issued April 16, 2003)

On January 3, 2003, Sprint Communications Company L.P. (Sprint) filed with the Utilities Board (Board) a proposed local exchange tariff providing the terms, conditions, and rates for local exchange service in listed exchanges as described in the local exchange maps of Qwest Corporation (Qwest). Additional information regarding the tariff was filed on March 17, 2003. The proposed tariff has been identified as Docket No. TF-03-3.

On February 20, 1997, the Board issued an order in Docket No. TCU-96-11 approving Sprint's application to provide service in the listed exchanges. The order stated that a certificate would be issued when Sprint obtained an approved tariff setting forth the prices, terms, and conditions of local exchange service in Iowa. Since Sprint filed its original application several years ago, Sprint filed updated financial, technical, and managerial information as well as an updated business plan on January 16, 2003. Sprint requests the Board approve the proposed tariff and grant it a certificate to provide service in the listed exchanges.

Iowa Code § 476.29(2) provides that a local exchange carrier shall not be denied a certificate if the Board finds that the applicant “possesses the technical, financial, and managerial ability to provide the service it proposes to render and the Board finds the service is consistent with the public interest.” Iowa Code § 476.29(5) provides that a local exchange utility is obligated to serve all eligible customers within its service territory. The Board has reviewed Sprint’s proposed tariff and has some concerns regarding Sprint’s proposed local offerings and whether those offerings are consistent with the public interest. In addition, the Board has some concerns as to whether Sprint is offering services to distinct classes of customers at the exclusion of other classes, which may be contrary to Iowa Code § 476.29(5). Therefore, the Board will reject Sprint’s proposed tariff at this time, without prejudice to refiling this or a similar tariff with additional supporting information to address these issues and concerns.

Sprint’s proposed tariff provides that it will offer basic local residential service at a rate of \$40.99 per month, with a service connection fee of \$69.99. This rate compares to average basic residential service fees of approximately \$12.00 per month and average service connection fees of \$26.00.<sup>1</sup> Sprint’s basic service offering proposes only residential local exchange service with unlimited local calling; custom calling features and long distance are not offered at this rate. Sprint also proposes offering several other bundled residential services, all of which include long distance as part of the package. The service connection charge is waived for those

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<sup>1</sup> This average was computed based upon current residential rates offered by Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom, Frontier Communications of Iowa, Inc., and Qwest Corporation.

customers choosing one of the bundled services. Sprint is not proposing to offer any business services in this tariff filing. In addition, the proposed tariff contains Link-Up and Lifeline offerings which causes some concern. At the rates Sprint proposes to offer residential customers, a \$7 or \$8 monthly credit and a \$30 reduction in the service connection fee does not appear to make Sprint's basic service a viable option for low-income customers.

Within Sprint's explanation of local exchange service, several restrictions are listed on the types of calls that can be made with that service. The tariff indicates that the customer may not use the service for commercial use, for Internet connection, for other data service (i.e., fax service), or "for any other use that does not involve a person-to-person conversation or phone message." The tariff further states that if it is determined that a customer's use of the service is not consistent with residential voice applications, the customer may be assessed a \$50 recurring monthly data usage charge or may be disconnected from service. The Board understands these provisions are intended to prevent certain uses of the long-distance services that will be part of the overall bundle, but the provisions appear to be overbroad for that purpose.

Sprint's proposed tariff filing appears to offer a bundled rate for local and long distance services without a realistic, reasonable local offering. The proposed tariff appears to offer basic local service priced unreasonably high, thereby discouraging customers from purchasing the service. This raises an issue as to whether Sprint's proposed tariff promotes the public convenience and necessity, as required in Iowa Code § 476.29. In addition, the offerings in Sprint's proposed tariff appears that

Sprint's primary interest is in serving residential customers who want custom calling features and long distance bundled with their local service at the exclusion of other customers, which may not comply with the requirement of Iowa Code § 476.29(5) that a local exchange carrier provide service to "all eligible customers." Therefore, the Board will reject Sprint's proposed tariff and deny a certificate to Sprint without prejudice to refiling if Sprint adequately addresses the issues discussed in this order.

**IT IS THEREFORE ORDERED:**

1. The proposed tariff filed by Sprint Communications Company L.P. on January 3, 2003, identified as Docket No. TF-03-3, is rejected, without prejudice.
2. The request for a certificate of public convenience and necessity initially filed on July 29, 1996, by Sprint Communications Company L.P. and identified as Docket No. TCU-96-11, is denied without prejudice.

**UTILITIES BOARD**

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 16<sup>th</sup> day of April, 2003.